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SUBJECT: CAMEROON OPEN(ING) FOR BUSINESS; COMMERCE AND ECONOMICS

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¶1. (U) Summary: Post has been heavily engaged in commercial and economic policy outreach, reflecting the priority given to enhancing bilateral trade and fostering economic development, a key Mission Strategic Plan objective. Working under the aegis of a mission-wide Economic Working Group that meets quarterly, Post elements have collaborated on projects over the last semester to advance USG priorities with regard to AGOA, agricultural trade, Cameroon's prospects for an MCC program and its evolving relationship with the IMF, and bilateral trade. A visit from the Department of Justice and FINCEN focused on strengthening Cameroon's financial sector, and visits from the Coast Guard and USTDA offered USG collaboration to improve Cameroon's infrastructure. In the coming months, Post will lead a specially-tailored delegation of Cameroonian business leaders to meet with counterparts in the US, facilitate a Cameroonian delegation to a December Dental Convention in New York City, and highlight bilateral trade relationships with a series of activities at "Promote", a prominent trade fair in Yaounde. End summary.

#### The Economic/Commercial Context

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¶2. (U) Cameroon is the largest and most diversified economy in the Central African Economic and Monetary Union (CEMAC), and a keystone state for the region; almost all trade (including supplies for regional peacekeeping forces) with Chad and the Central African Republic, for example, transits Cameroon's Douala Port. Despite the challenging business climate and strong links to Europe and former colonial power France, the United States remains the single largest investor in Cameroon. The Chad-Cameroon Pipeline transects Cameroon, and American firms like Noble, Kosmos and Pecten are among the leading players in the oil and gas sector. American energy giant AES is the nation's sole power distributor and largest power producer (almost 1000MW) since it won the concession to manage SONEL, the former power parastatal that was privatized in one of the largest and most significant privatizations in Africa's history. Smaller-scale trade is also on the rise, with U.S. exports to Cameroon rising 7% in 2007.

#### Bilateral Trade and AGOA

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¶3. (U) During the recent AGOA Forum in Washington, Post hosted a group of Cameroonian business leaders for a Digital Video Conference (DVC) to discuss implementation of AGOA with officials in Washington and other African countries. Post sent a Pol/Econ officer to accompany Prime Minister Ephraim Inoni and his Cameroon delegation to the AGOA Forum, where Inoni emphasized that Cameroon is "not looking for hand-outs," but for increased opportunities for trade. Capitalizing on a visit from Dakar-based APHIS Director Cheryl French, Post arranged a seminar to train Cameroonian officials and exporters on phyto-sanitary norms in exporting to the United States.

Post also hosted a lunch with senior agricultural contacts to inform reporting on Cameroon's food situation and policies (ref a). Taking advantage of U.S. Patent and Trademark Office (USPTO) training opportunities, Post continued to send Cameroonian officials to the US for training on intellectual property enforcement.

#### Economy, Finance and MCC

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¶4. (U) Post continued its outreach to host and third country contacts, including meetings with the World Bank Resrep and staff and the World Bank's annual planning meeting in Yaounde. Post tracked the future of the IMF program in Cameroon (ref b), the development of Cameroon's capital markets (ref c) and mid-term budget execution (ref d). Responding to Prime Minister Inoni's efforts to restart Cameroon's moribund Millennium Challenge Corporation (MCC) campaign, Ambassador and Pol/Econ Officer delivered a powerpoint presentation for Inoni and his staff, explaining the MCC indicators and encouraging a strategic rethink to improve Cameroon's performance.

#### Aggressive Business Outreach

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¶5. (U) Post has actively engaged the Douala-based Amcham, which has new leadership and appears more activist than in previous years (membership tripled in the past year). During the Ambassador's recent trip to the three Northern provinces, post did extensive commercial outreach (ref e). Post officers at various levels have provided support to American projects as diverse as Hydromine, the American-led \$6 billion bauxite mining project, and Globetournet, a \$4 million Cameroonian consortium leveraging EXIM financing to

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purchase American products (more than \$100,000 to date) to provide world-class internet service to Cameroonian households.

#### Successes: Business Ventures

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¶6. (U) The last few months have witnessed a series of important victories for American investment in Cameroon. Paul Hanrahan, CEO for American power giant AES, met with President Paul Biya in July to discuss AES' plans to reinvigorate its management of AES SONEL, Cameroon's power distributor and largest power provider. Hanrahan also announced that AES would create a new company headquartered in Cameroon, the West Africa Power Company (WAPCO) to develop power projects in the region. Hanrahan's visit was followed by a long-awaited breakthrough on AES' negotiations with Cameroonian aluminum smelter ALUCAM, an agreement with the GRC and financiers for AES' Kribi Power Development Company project (for a heavy fueled plant at Kribi) and an aggressive plan by AES to invest in rehabilitating existing infrastructure.

¶7. (U) Similarly, Hydromine obtained long-awaited GRC approval for an 18-month extension to its exploration license for a multi-billion dollar bauxite resource in Cameroon's Adamaoua Province. Hydromine and partners Hindalco (Indian) and Dubal (Emirati) will proceed with feasibility studies and plans for the necessary power production facilities. Hydromine has also engaged with the Ministry of Economy and Planning to be included (along with more than a dozen economic interests) in the development of a long-promised deep water port at Kribi.

#### Successes: Ports and Energy

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¶8. (SBU) Officials from the US Coast Guard, accompanied by Embaffs, visited Cameroon's port facilities and called on transport officials in August in an effort to improve Cameroon's implementation of the ISPS code for maritime security. Preliminary reports indicate that Cameroon has improved its procedures, and the Coast Guard and Embassy officers will work with Cameroonian officials to digest the results and chart next steps. Post hosted the visit of two officials from USTDA in May, who launched \$1.5 million in feasibility grants to develop much-needed power projects

at Limbe and Bini-a-Warak. Ambassador Garvey's remarks at the signing ceremony highlighted ongoing concerns about the commercial environment in Cameroon. Pol/Econ staff called on government officials and civil society representatives in Cameroon's East, North and Adamoua Provinces to discuss the impact of long-promised mining projects (ref f).

More to Come...

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¶9. (U) Continuing the successful and hugely popular biannual Business Forum series, Post is organizing a specially tailored program tied to the Chicago Pack EXPO, during the second week of November. The Forum will also include meetings with targeted American companies and special opportunities for secondhand auto sales. Past Business Forums (this is our eighth year managing the Forum) have yielded significant successes in terms of fruitful business relationships and new imports of American products.

¶10. (U) Post will also facilitate a Cameroonian delegation to the December Dental Forum in New York City. Taking advantage of "Promote," Cameroon's largest trade fair, the Commercial Section is teaming up with the AmCham and Prince Geogre's County's Africa Trade Office to highlight the growing importance of American trade with Cameroon and Central Africa.

¶11. (SBU) Comment: The World Bank regularly ranks Cameroon as among the most difficult business climates in the world, providing a particular challenge for commercial and economic policy work. Prospective American businesses turn to the Embassy for help at almost every stage of their development, from navigating the political hierarchy to dodging the pitfalls of a mine-laden bureaucracy. The good news is that the American brand is highly valued at all levels of Cameroonian society, and Cameroon is shamefully rich in economic potential. The challenge is working with American companies and promising Cameroonian partners to transform that potential into reality. Post has a fully engaged commercial staff and could make good use of more resources Q the business is here!

GARVEY